

# Commission on Streamlining Government

Senator Jack Donahue, *Chairman*  
Roy O. Martin, *Vice Chair*  
Angele Davis, Commissioner of  
Administration  
Barry Erwin  
Brett F. Geymann, Representative  
Leonel Hardman  
John Kennedy, State Treasurer  
Lansing Kolb  
Mike Michot, Senator  
Jim Morris, Representative



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**Commission Staff**  
Jerry J. Guillot, *Administrator*  
Tim Prather, *Coordinator*  
Trudy Fourmy, *Secretary*

## MINUTES

Tuesday, September 1, 2009

9:00 a.m.

Senate Committee Room A-B

### I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Tuesday, September 1, 2009, in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Senator Donahue, Chairman, called the meeting to order at approximately 9:12 a.m.

### II. ROLL CALL

The secretary called the roll and the following was noted:

#### MEMBERS PRESENT

Senator Jack Donahue  
Representative Brett Geymann  
Representative Jim Morris  
State Treasurer John Kennedy  
Angele Davis, Comm. of Administration  
Barry Erwin  
Roy Martin  
Leonel Hardman  
Lansing Kolb  
Senator Mike Michot

#### MEMBERS ABSENT

#### STAFF PRESENT

Jerry Guillot, Chief of Staff  
Tim Prather, Coordinator  
Trudy Fourmy, Secretary

#### WITNESSES PRESENT:

Kristy Nichols, Dept. of Social Services	Ruth Johnson, Dept. of Soc. Services
Susan Sonnier, Dept. of Social Services	Alan Levine, Dept. of Health/Hospitals
Harold Leggett, Dept. of Envir. Quality	Alex Appeaning, DEQ
Vince Sagnibene, Dept. of Envir. Quality	Scott Angelle, Dept. of Natural Resources

## **WITNESSES PRESENT** (continued)

Robert Barham, Wildlife & Fisheries	Garret Graves, Coastal Restoration
Jimmy LeBlanc, Public Safety & Corrections	Thomas Bickham, Corrections
Jill Boudreaux, Public Safety_____	Col. Mike Edmonson, State Police
Donnie James, State Police_____	Dr. Mary Livers, Juvenile Justice
Michelle Smith, Juvenile Justice	Paula Roddy, Juvenile Justice, Pub. Safety
Mark Riley, Homeland Security	Christina Dayries, Homeland Security
Glen Curtis, National Guard	BG Brod Veillon, National Guard
Stephen Babadie, National Guard	Robert Hayes, Veteran Affairs
Thomas Enright, Veteran Affairs	Lane Carson, Veteran Affairs
Stephen Moret, Economic Development	Curt Eysink, Workforce Commission
William Ankner, Transportation & Devel.	Chris Broadwater, Workforce Commission
Stephen Street, Inspector General	Cynthia Bridges, Revenue
Murphy Painter, Alcohol & Tobacco Control	

### **III APPROVAL OF MINUTES**

Representative Geymann motioned that the minutes of the commission meeting held on July 27, 2009 be approved. There being no objection to this motion, it was so ordered.

### **IV. AGENCY PRESENTATION**

Chairman Donahue called upon Jerry Guillot, Chief of Staff, to read the names of appointees to the advisory groups which had been submitted for approval. Mr. Guillot advised that the chairmen to the advisory groups had submitted the following individuals to the following groups:

#### **Elimination of Duplicative and Non-essential Services**

W. J. "Tony" Gordon  
Jay H. Campbell, Jr.  
Evan C. Spiceland

#### **Civil Service and Employee Benefits**

Representative Mike Danahay  
Liz Murrill

#### **Outsourcing, Privatization & Risk Management**

Bill Fenstermaker  
Raymond A. Peters  
David R. Perry

#### **Efficiency & Benchmarking**

James H. Napper, II  
Ron Gomez  
John Rombach

#### **IT Integration**

G. Patrick Thompson

Senator Donahue motioned that the above individuals be appointed to their respective advisory group nomination. There being no objection, it was so moved.

Senator Donahue then advised everyone that the purpose of today's meeting was to give commission members an overview of state government. He then asked each agency to make their presentation so it would give the advisory group members an idea of who they might need to talk to at some of their future meetings. He added that each department would be allowed five minutes to give their presentation and then there would be a period of ten to fifteen minutes for questions and answers.

### **Department of Social Services**

Kristy Nichols, Secretary of the Department of Social Services, started her presentation by acknowledging all the cabinet members and her staff. She gave handouts which listed the top ten business/programmatic recommendations for streamlining and an agency overview. She then went over the visions of the agency. Their budget is \$1.2 billion with a total staff of > 4,900 positions. They serve >600,000 clients every month through Office of Family Support (public assistance agency), which provides food stamps and public welfare benefits. They also offer childcare assistance to low income families and licensed facilities. They also administer the Office of Community Services, the child welfare agency, which is foster care, adoption and family services. They also administer the rehabilitation program which serves individuals with disabilities, helping them become more self sufficient by entering the workforce and having strong careers.

She discussed staffing ratios, clerical support and management of front line staff. These are listed on the back of her handout. She then discussed retirement of those eligible. She discussed their core business and trying to focus on strategically aligning internally and externally with partners and looking at things not done well. They want to develop a strong business enterprise that insures safe and thriving families. They are focusing on child safety, development, stabilizing families, helping build assets and emergency preparedness.

She then went over the top ten streamlining list. This list was in her handout. After Senator Donahue inquired as to the ratio of 1:5 vs. 1:8 nationally, she answered that reductions could be made through modernization or consolidation of business operations. She suggested that freezes happen in middle management and management of front line staff. She thought it would be a serious mistake to reduce the work force by focusing on front line staff, which would give a strategic window into where adjustments could be made. She agreed to work on projecting how fast this could be done.

Mr. Martin stated that with reference to reductions in staff, he had personally seen a difference in effectiveness of social workers. He asked how a staff that large were graded and monitored. Ms. Nichols answered that the turnover was high and training was low and there are a large proportion of individuals that are case managers that have not been trained in clinical social work. The burden of that staff is high as the needs are so high. Their plan for the next few years is to revamp all child welfare positions that would require qualifications and provide training opportunities in the state. She stated that individuals on food stamps should be trained to be able to find employment. She stated they wanted to work

with the Workforce Commission to identify clients that should be working or receiving training, identify those that are job ready, and having case management look at their readiness and placing them in jobs.

Mr. Erwin asked for a description of the process used to evaluate programs operating based on the outcomes sought and what happens after that review of the programs if they are found to be less effective. She answered that they have been managing based on outputs and counting clients. She discussed TANF at that point.

### **Department of Health & Hospitals**

Mr. Alan Levine stated that their theme was to try to transform themselves from being both a provider of services and an agency directing resources to more critical roles of insuring good care. They have been actively trying to reduce the size of their department in a meaningful way. He discussed Medicaid, stating they stand to lose \$1.2 billion in the next two years. He is proposing fundamental changes to the Medicaid program which has saved other states from 2% to 19% of their state Medicaid funding expenditures. He informed the commission that they were in the process of closing the New Orleans Adolescent Hospital. They are upgrading their criteria from 1994 to 2008. They are also privatizing some of their community based services in the developmental disabilities programs and downsizing in the developmental services program. Their plan is to consolidate the offices of addictive disorders with the office of mental health. He then discussed nursing home occupancy rates. He gave data points on the nursing home occupancy rates, mental health utilization rates, community utilization and acute inpatient hospital bases.

Treasurer Kennedy requested the bottom line on how much was being spent on health care. Mr. Levine answered that the DHH budget is over \$8 billion. In 2005, at least \$1 billion less was spent. In 2007, the Medicaid budget increased from \$5.2 billion to \$6.2 billion. Treasurer Kennedy then asked him to get the figures on how much money was spent in 2005. Mr. Kennedy then asked for the purpose of the charity hospitals. His answer was that it depended on the hospital itself. There are three hospitals that have a major teaching mission. These hospitals were started where citizens did not have access to treatment. That need has decreased. Mr. Kennedy then asked questions regarding the proposed health care initiative in Congress and if passed, why we would need charity hospitals. The answer was that teaching hospitals that train physicians of the future are needed. Mr. Kennedy and Mr. Levine then discussed average health care for individuals and private insurance, limitations on number of visits to the ER for non-emergency treatment, community care, potential copays for this, and patients not going to their primary care doctors.

Senator Michot asked for their projected shortfall for the next year. Mr. Levine answered that in total it could be about \$600 to \$700 million. He added that next year's budget would be horrible as one cannot cut on the margin and pick up \$700 million. He discussed the pharmacy program as an example, along with the waiver programs. Senator Donahue then discussed the Moss Hospital situation.

Mr. Martin inquired as to what was needed to implement their plan. Mr. Levine stated that on the Medicaid proposals, they would need to go to the Health & Welfare committees.

There is also legislation needed dealing with insurance. His department is reluctant to make decisions with regard to privatizing institutions. He preferred that the legislature do this by giving his department direction and that the statutory approval would prevent litigation.

### **Department of Environmental Quality**

Harold Leggett, Secretary of DEQ, passed out his summary document to the members. He gave a powerpoint presentation. He stated that it was their job to protect the environment while they balanced the impact of their decisions on economic growth. The EPA mission is to protect the environment at all costs. He then went over their mission and vision, along with their areas of responsibility. They do not receive any federal dollars and they have self-generated funds with grants and fees. He then went over their ten point plan. Senator Donahue inquired as to their budget. They currently have 933 employees with \$143 million budget. Only \$3.5 million of that is from the general fund. Mr. Donahue confirmed that during the next fiscal year it would get Zero dollars from the general fund.

Senator Michot asked about the "lab" located behind the DHH building and if they were preparing to turn it over to DHH. Mr. Leggett informed the commission that they were spending over \$5 million on the lab. He looked at outsourcing and found that it would only cost \$2 million. Their lab does water quality/analysis, soil analysis and samples. They are in the process of getting out of the lab business, and by outsourcing the work, it will save \$3 million on an annual basis. The bad part would be abandoning a brand new lab which costs about \$6 million a year. The debt service for the lab is \$8 million. They are inquiring to other agencies that might need the lab. Treasurer Kennedy inquired as to when the lab was built. It was built in 2003 with a debt service of \$1.5 million per year. Treasurer Kennedy then asked if a feasibility study had been done. Mr. Leggett answered that he had not been able to find one, that it was done out of Capital Outlay. Mr. Kennedy's point was that there was no time spent studying this and someone built the building without a feasibility study. Mr. Leggett stated that it was a conclusion he would draw and then stated that selling the lab was also on the table for discussion. He stated that there were three options, selling it, privatize it, or another state agency take over it. Mr. Kennedy asked for budget information from 2005.

Mr. Hardman inquired as to the investment of employees. Mr. Leggett discussed evaluations, variable merit raises, bonus programs and incentives for employees. Representative Morris asked about their relationship with LDAF and the pairing up for office space. Mr. Leggett said that an opportunity had come up with Commissioner Strain to co-locate their regional office. This would get them out of some of the leases and can pay Commissioner Strain at a lower cost and they could share fuel at agriculture sites.

### **DEPARTMENT OF NATURAL RESOURCES**

Mr. Angelle had handouts for the commission. He then went over their five areas of interest. He stated that their department had saved \$20 million last year, they have fewer employees, and have reduced their needs by 34% for the last five years. Mr. Martin thanked Mr. Angelle for implementing the Sunrise system. Mr. Angelle confirmed that DEQ and Wildlife and Fisheries use information available on it. He then discussed rig drilling.

Senator Michot thanked him for streamlining already and then referred to his performance during Hurricanes Gustav and Ike in making sure that we had a continuous supply of fuel, etc. Rep. Morris asked for ideas for changes already made and those he intended to make. Mr. Angelle discussed electronic reporting, reducing workforce, self-inspection and cross training inspectors.

## **DEPARTMENT OF WILDLIFE & FISHERIES**

Mr. Robert Barham testified that they were a self-generated agency and only have \$100,000 for aquatic vegetation control from the state in their \$175 million budget. The department only has 783 authorized positions. He gave examples of what their department does. He discussed hunting, fishing and the animals. The challenge he was greatly concerned with is the explosion of invasive aquatics, saying that we could lose wonderful recreational assets because of this, Giant Salvinia being an example. They are spending over \$8 million a year on aquatic vegetation control. He discussed Hurricanes Katrina and Gustav search and rescue they had done. Their budget is \$175 million, \$82 million which is federal money. The rest is generated through license sales and fees for associated activities.

Representative Morris asked for an explanation of overlapping in fish testing with the Department of Environmental Quality. Mr. Barham stated that DNR, DEQ and Wildlife & Fisheries really get along well and work well together and are working toward consolidation and removal of duplication of efforts. DEQ has tested fish for mercury and Wildlife & Fisheries is testing for other things. This function could be moved to his department. DHH does water testing in oyster beds and his department samples water for other things. That could also be done totally by Wildlife & Fisheries. DNR has an auditing system where they audit to be sure that the state gets the revenues. Wildlife & Fisheries does get revenue from specific properties that they manage. DNR will do all the auditing for Wildlife & Fisheries now. He stressed that they are working every day to see where operations best fit.

Mr. Kennedy asked if there was anything that he could change in his department, what it would be. Mr. Barham stated that it would not be anything major, just small things. He added that there always needs to be reviews in areas where we can manage better. He is consolidating their regional office into two others and will close Ferriday. Mr. Kennedy then discussed reservoirs but was told that this subject belonged to Economic Development.

Mr. Erwin discussed the transfer of the oyster testing between DHH and Wildlife & Fisheries and asked if it was more of a public health issue and asked if it fit into his mission. Mr. Barham stated that they would do the lab work to detect the bacteria in the oyster and provide the information to DHH.

## **COASTAL PROTECTION & RESTORATION AUTHORITY**

Mr. Garret Graves gave a power point presentation on fisheries, maritime/ports, energy, the threat to jobs, economy, ecosystem, hurricane impacts, proactive efforts with agency overview - and then listed their goals and objectives. He then discussed the executive arm of the agency and their overview, finances and budget, staffing and the surge in workloads and their cost reductions and savings by merging some of their work with DOTD. There is a study being done now on including the north Louisiana levees into the authority's mission.

He informed the commission that they did not have a general fund contribution from the state.

Rep. Morris requested that he describe the structural changes to the coastal program. He answered that they had taken all of the hurricane protection in some of the flood control components in DOT, took all of the coastal restoration folks from DNR and brought them together under a new office.

## **DEPARTMENT OF PUBLIC SAFETY & CORRECTIONS**

Mr. LeBlanc had a handout for the commission and gave an overview of Corrections. Their overall budget is \$497 million, \$440 million coming from general appropriations. They have 5,985 positions and explained that they are a 24/7 operation. The department's cost for incarceration is \$285 million, which includes health services, rehabilitation, diagnostics and probation and parole. He then discussed the \$5.6 million in interagency transfer grants from Education, U.S. Dept. of Education, Dept. of Justice which are add-ons to their programs. He discussed the probation and parole stats. The department has taken \$50.5 million in cuts and has eliminated 716 positions. They have reduced travel, supply, and professional services by \$11.5 million.

Rep. Morris asked about the job cuts on a geographic nature and if it was proportionate. Mr. LeBlanc answered that it was fairly proportionate, 250 for Hunt Correctional, Angola, and Dixon. He did not have exact numbers but was of the opinion that it was fairly proportionate. Rep. Morris then stated that a better job needed to be done on educating employees as to what is taking place, what is going to happen and what their options are. Mr. LeBlanc stated they will do it but that he had not discussed anything with employees as it is premature.

Mr. Kennedy inquired about La. being #2 in the south in operating costs per inmate per day. He stated that we spend \$77.74 per day. Mr. LeBlanc corrected him and stated that they house 18,000 at \$25.00 per day. Mr. Kennedy inquired as to what percentage of the inmates were illiterate. The answer was that the average is between 4<sup>th</sup> and 5<sup>th</sup> grade. There are literacy programs and GED programs, but not enough. The average sentence is around 12 years. There is a 50% recidivism rate.

Mr. Erwin asked if there was any way to lower costs beyond what is being done now without reducing incarceration. Mr. LeBlanc stated that they are doing some things with the cameras in the towers, technology, and they are working towards that. Short of that, his only thought would be to close prisons because if cuts across the board continue, it will make each prison inefficient and it will jeopardize public and staff safety. Mr. Erwin then inquired as to sentencing guidelines and if we were in line with other states. Mr. LeBlanc stated that we do have high crime rates according to the crime index and that we have tough penalties. He added that there should be alternative sentencing for non-violent crimes. They have a major partnership with the Sheriffs and are initiating reentry programs in 10 regional areas.

Mr. Martin asked how the outcomes are going to improve in centralizing the substance abuse center. Mr. LeBlanc answered that substance abuse is the #1 enemy, that 40% of the incarcerated are drug crimes and 80% of those have substance abuse problems. They have

37 different programs in the system and he stated that he did not have any idea how effective they are. They have partnered with the Picard Center at ULL, who is helping to evaluate what is actually working. There is no work release program within these programs.

Mr. Kolb questioned where we were different than other states with regard to the number of prisoners. Mr. LeBlanc stated that we are the highest in the country. As far as recidivism, we are average with 48%.

Mr. Hardman discussed the vacancies discussed earlier (700). He asked what areas were targeted and if it was through attrition. Mr. LeBlanc stated that turnover was high and they did not have to lay off correction officers. He discussed the Towers positions (316) and how technology could be used and those positions eliminated. Video courts can be used rather than transporting them. Mr. Hardman then inquired about Ft. Wade and the substance abuse facility. He stressed that the employees need to be made aware of the fact that this is not going to be the same as what happened at Steve Hall (?) concerning their jobs. Mr. LeBlanc stated that all the jobs at Ft. Wade were not secure. If it works out, there would be more skilled nursing beds at Hunt and that 75 positions would be impacted at the Ft. Wade facility, but that a decision had not been made.

Mr. Kennedy wanted to know that if we had the highest incarceration rate in the world, how do we stop them from coming back. Mr. LeBlanc answered that one way was an investment in the probation and parole division. A lot of offenders need better supervision, but the work load is too great. The second way is reentry. Mr. Kennedy then discussed putting violent offenders in state facilities and the less violent offenders in local jails and spend more time in workforce training and education. Mr. LeBlanc answered that it was where they were headed. Mr. Kennedy then inquired about the GED programs offered and how many inmates wanted to take advantage of the program. Mr. LeBlanc stated that there was a backlog of participants.

## **DEPARTMENT OF PUBLIC SAFETY**

Col. Edmonson had handouts for the commission. He then introduced his staff. He has been streamlining since he started the job 18 months ago. He looked at the top positions and removed two colonel positions. He looked at middle/upper management and made changes. His priorities are planning reviews within the fire marshal office. Also, crime is a priority and we need to find out where the problem is and go to them. They are now in the process of moving government out of Baton Rouge to other areas of the state as the public has a right to know. Diversion drugs are filtering back through doctor shopping and prescription fraud. They are addressing those areas as heroine is moving back. Child predators are a high priority. They have added 8 new DNA scientists to their crime lab to address the backlog. He then went over the letter given to the commission regarding outsourcing call centers, vehicles, collection services, pay per hearing on drivers license, document management, background checks, and establishing a central IT Center location.

Mr. Martin referred to the Office of Management and Finance, Restructural Property Management and inquired as to the movable property and what their responsibilities were and if it should be under some other department. Col. Edmonson stated that it was property



that the department owned. They discussed public outreach and research and development programs. Col. Edmonson stated that a total review of all programs was needed to find out what areas a better job could be done and what could be outsourced.

Rep. Morris was under the impression that State Police had a new class through attrition. Col. Edmonson answered that they had fifty additional manpower. They have identified vacancies and moved them into State Police for additional troopers. He added that ATC doing background checks for liquor license could be done by them also as they had to do the same for gaming.

Mr. Kennedy inquired as to the State Police being in charge of truck weights and DOTD being in charge of the scales. Col. Edmonson noted that the State Police could take over the scales and it could be blended together. Mr. Kennedy then asked about ATC being in Revenue and wanted his thoughts on if it should be moved back to them. Col. Edmonson stated that ATC wanted to move back to Public Safety. He mentioned that the video poker licensing and liquor licensing could be put together. Mr. Kennedy said gaming enforcement had been put under Public Safety and he wanted to know if any other state outsourced it. Col. Edmonson answered that they were working with State Police who is in the process of looking for areas where other states are streamlining those efforts and how we might approach it in Louisiana. Col. Edmonson closed by stating that we need to help keep jobs and give merit increases. He added he was looking at upper level management to see if there were duplications of efforts.

## **OFFICE OF JUVENILE JUSTICE**

Dr. Mary Livers gave the commission handouts and stated that their total budget was \$152 million, a majority of which came from the state. She then gave percentages of how the monies were spent. She explained how the youth entered the system and the reform progress. Their current initiatives are reductions in contract services, coordinating with Medicaid, efficiency in health care services, maintenance, pharmacy and laundry. She stated that they were already 45% privatized. She then discussed behavioral needs and how they are trying to give services without adjudication. She closed by saying that they were looking at the health services offered at LSU New Orleans. This would be much more efficient to them. They are also looking at outsourcing maintenance along with medical, dental and mental health services and also pharmacy uses. Senator Donahue inquired about the evaluation of juveniles from an education standpoint. She explained that the children were at a reading level of 3-4 grade with a 6<sup>th</sup> grade language skill, which was underachieving in this area. The recidivism rate is 11.8%. She agreed to get information on drug court programs recidivism rate to the commission.

Mrs. Livers discussed privatization with Mr. Martin. Mr. Kennedy inquired as to their current budget, which is \$152 million. In 2005 it was \$131 million. She stated that they are beginning to get things together to put effective reform into place. Mr. Kennedy requested information on recidivism rates as compared to other states and if other states are doing better, how they were doing it. She stated that it cost \$366 per day on average per juvenile, or \$133,000 per year. When in corrections, a lot less was spent because they were being housed as adults. Mr. Kennedy discussed when the recidivism rate might drop. Mrs. Livers

stated that it will take a few more years as they are recently looking at community based programs and restructuring contracts so that the services that will make a difference are in place. She then discussed assessments and the Missouri model.

## **GOVERNOR'S OFFICE OF HOMELAND SECURITY & EMERGENCY PREPAREDNESS**

Mark Cooper had handouts for the commission. He gave information relative to Hurricanes Katrina and Rita, their main mission being to lead La. in preparation for, response to, and recovery from all emergencies and disasters. Current budget is \$1.1 billion, mostly federal funds. State general fund money is roughly \$9.6 million. The rest is self-generated revenue. They have 397 employees, 240 of which are non-t.o. Their streamlining efforts are reducing satellite phones and blackberries and realigning salaries according to the federal program. They are expanding the statewide shared communications network to support first responders. Also, they are establishing a Louisiana Command College to train in state rather than bring out-of-state instruction. Mr. Kennedy discussed MRE's and gender discrimination (racial) suits that were filed.

## **NATIONAL GUARD**

Mr. Curtis had handouts and a slide presentation for the commission. It contained their vision statement. The federal mission includes training soldiers and airmen for deployment. The state mission is to have trained and equipped soldiers available to citizens here. The community mission is to be a pillar to society and a good neighbor. They have 12,000 soldiers, 707 full time state employees and 80 readiness centers. When asked about future projections for education, he responded that they wanted to bring in more youth into the program. They have an in-house program for drop outs to go into the national guard for 5 ½ months to work on their skills and getting a GED. There are about 1,050 students per year. The cost per cadet in Youth Challenge is \$30,000 per year, compared to OJJ spending \$133,000 per year with a high recidivism rate. Mr. Kennedy inquired that if children were under 18 and the law required that they attend some kind of school until they were of age, could their program handle it. Mr. Curtis answered that it would be feasible but they would have to expand quickly. He added that they could take up to 250 additional students, but beyond that, they would have to change their infrastructure in that they have the facilities but would need time to hire staff, but could have it up and running in a year.

## **DEPARTMENT OF VETERAN AFFAIRS**

Mr. Carson gave out two handouts to the commission and then went over their mission. Their current budget is \$48.8 million, only 22% of that comes from the state, and they have 816 employees. Their cost saving initiatives which are being implemented are consolidation of their pharmacy program, the physician program, and to renegotiate the therapy programs. They are also renegotiating food contracts, installing paperless charting systems, along with electronic time clocks. Their cemetery program will be paid by the federal government entirely. They are going to expand existing federal cemeteries. The new programs through Military Family Assistance is working well with reservists. He has been working with the Dept. of Labor with helping veterans get jobs. He then discussed medicare. When asked about safety incident rates in the veteran homes, he answered that they are extensively reviewed by the VA and Medicare. They have a special program to reduce incidents of falls

and if they do not comply with the program, the VA could halt admission of patients and Medicare could rate the home differently. He stated he would get a detailed report with an internal audit.

#### **DEPARTMENT OF ECONOMIC DEVELOPMENT**

Mr. Moret also had handouts for the commission. He stated their budget is \$17 million. He then went over their initiatives which they have already started to implement which were eliminating the workforce grant programs, reducing site-specific funds, reduce the scale for entertainment workforce, reduce business development travel, and eliminate underutilized staff. Senator Donahue inquired about the movie credits and the governor vetoing the bill. Mr. Moret stated that primary exposure is in the film production tax credit program. The net impact of 25-30% tax level. The total tax credit provided in 2007 was \$115-120 million, with total tax generated by the industry of \$20 million, Mr. Moret and Mr. Martin then discussed enterprise zones. Mr. Kennedy inquired as to their involvement in evaluating the economic development on reservoirs. Mr. Moret answered that they had not been involved in the last 18 months and was not aware of who is reviewing them.

Mr. Martin asked Mr. Moret to explain the delay in receiving tax credits and if he thought the Dept. of Revenue functions could be put under the direction of his department. Mr. Moret answered that there was not a systemic problem, and that they tried to work swiftly. However, there were a variety of incentive programs that require approval of many agencies.

#### **DEPARTMENT OF TRANSPORTATION & DEVELOPMENT**

Mr. Ankner had a handout and stated they had been streamlining for some time. He showed a power point presentation consisting of the organization of the department, self imposed reductions, operating budget history, construction letting history and forecast, administrative costs, and per capita spending. His recommendations were the rightsizing of the highway system, elimination of selected ferry services, transferring flood control activities to coastal protection, consolidating responsibility for water resource management to DNR, elimination of DOTD airplane, and collection of outstanding receivables. He also suggested consolidation of the LaGov/ERP and DOTD campus. He further mentioned that construction project signs should be discontinued. He stated they are outsourcing more work than in the past, like mowing and design. Senator Donahue asked about figures on outsourcing and current employees and was referred to the chart that was handed out. Senator Donahue asked for figures on the fact that if we were 45% and now we are 60% on outsourcing, why the employee numbers aren't going down.

Mr. Martin discussed the number of vehicles being 2,715 vs. employees. Mr. Ankner said they had made two suggestions, moving more to pooling the vehicles in the districts and examine hiring a pool of vehicles from the private sector that would keep up with the maintenance and providing vehicles. They are now outsourcing 99% of their construction and construction inspection is being done by contractors. He voiced that he had a problem with the public sector policing itself. Mr. Martin then asked about the safety record of employees (272 incidents at 5.7%). Mr. Ankner answered that the nature of work is much more exposed and they are working on trying to reduce incidents by education and training, but that it was difficult to control the public's driving.

Treasurer Kennedy inquired as to if Mr. Ankner had proposed to return 5,000 miles of state roads to locals, which would increase the parish transportation fund. Given the increase, he wanted to know if it would save the state any money. Mr. Ankner informed the panel that it was not a proposal to save money, it was a proposal of how to do business better. Mr. Kennedy then discussed the Arizona project and gas tax.

Mr. Hardman was concerned with contracting out work and spending more money with a reduction of employees. He stated that the state is purchasing new equipment, yet they were outsourcing and losing money and that the state would have to maintain the sub-par roads that were being outsourced and wanted to know how to address this issue. Mr. Ankner answered that they were not able to generate more revenue and that the largest area in their budget was employees. He thought that some gain would be forthcoming in cutting people by improved technology, most of those cuts being in the district offices.

Mr. Kennedy asked how much was spent per year on engineering. Mr. Ankner could not give a breakdown, but stated that the engineering represented approximately 5%. Mr. Kennedy then asked if we did not outsource this, it would only cost us 50%. Mr. Ankner discussed infrastructure with Mr. Kennedy.

#### **LOUISIANA WORKFORCE COMMISSION**

Mr. Eysink had handouts for the commission and gave an overview and mission statement. He discussed outsourcing they have done and gave information on their goals and recommendations, one goal being to retrain individuals to be ready for the workforce. They have eliminated 150 TO positions. He discussed unemployment and workers' compensation. They are aligning the resources that flow in their department, integrating the community service block grant program at the regional level, and increase the coordination with the WIA infrastructure. Their ultimate goal is to get individuals who are out of work back into the workforce before they draw unemployment benefits. They want to align the resources that flow elsewhere in the state. They want to combine tax collection with the Department of Revenue and to move their veteran representatives to Veterans' Affairs, thus improving customer service. Senator Donahue then discussed the Incumbent Workers' Training Fund with him. Mr. Erwin asked if the number of WIBS were reduced if it would save money. Mr. Eysink stated that it would impact the federal dollars that flow through it.

Mr. Martin inquired about the second injury fund. Mr. Eysink referred to a study that is being requested to see if it should be reformed to meet the original mission. Mr. Broadwater stated that they were looking at why this was created and make it an incentive for people to return to the workforce. They have asked their advisory council for a report by November 1, in order to let the Streamlining Commission see it.

At this point of the meeting, Senator Donahue passed out information with regard to dates and locations of the Listening Tour. He announced that this was a commission function that would not require a quorum but urged the members to attend the meetings that they could.

## **OFFICE OF INSPECTOR GENERAL**

Mr. Street gave handouts to the commission and gave a history of his office. Some of their initiatives are the Law Enforcement Authority, restructuring the office, streamlining upper management to expand investigative staff, IG investigator job series, outsourcing, joint investigations and the return on investments.

## **DEPARTMENT OF REVENUE**

Ms. Bridges gave their mission and stated that their goals were to ensure that the experience of doing business with the department is easy and to maximize compliance. She referred to her handouts saying that they had 2 main budget units, the Office of Revenue and the La. Tax Commission. She then went over their budget information and the tax collection program. She described each page in her handout for the commission. She then discussed services that were accessible 24/7 and also accessible to other agencies.

Rep. Morris stated that he knew employees are needed for the hike in tax collection. They have diverted some of the staff to devote attention to this and try to automate as much as possible. Mr. Kennedy asked questions regarding the new remittance system. Ms. Bridges informed him that they had acquired the equipment and are in the process of implementing the software and can operate it 24 hours a day. Mr. Kennedy and Ms. Bridges then discussed their auditing system and if some of the agencies could use them for their auditing purposes. Mr. Kennedy wanted to know how much was paid in rent on their new building. Ms. Bridges stated that it was approximately \$3.6 million. In the old building, they paid over \$1 million. Mr. Kennedy then referred to the integrated tax system being done. She confirmed that it was completed in 2005 and was done by Fast Enterprises which is the system that IBM was working on. She explained that additional funding was needed for the project. There were no deliverables as it related to the number of hours that could be expended on the project. They had mutually agreed to terminate the agreement and then they sought a new contract. The department paid over \$20 million to IBM and got nothing but a learning experience. Mr. Kennedy referred to a letter to the attorney general in an attempt to sue IBM for recovery of some of the money. Ms. Bridges explained that they had attorneys look at the issue in terms of property issues and she was under the impression that they determined not to pursue any action. Mr. Kennedy asked for information showing if it was determined there was no cause of action or whether the decision was just not to sue and who made those decisions. Ms. Bridges then stated that they had contracted with a local law firm to evaluate the issue, but she would find out.

Mr. Painter stated that alcohol was such a commodity that most people want it to be separate and apart from a public safety function because of the DWI, etc. That would be a problem with the merging that Mr. Kennedy had asked about. He then discussed alcohol enforcement.

Senator Donahue wanted to know how much money it took to collect the \$800 million additional taxes. He also asked about a statewide tax collector. Louisiana has 63 tax collectors. Mr. Kennedy gave a brief history of different jurisdictions collecting taxes.

#### **IV. ADJOURNMENT**

There being no other business to conduct, Senator Donahue thanked everyone for attending and motioned to adjourn; no objection. The meeting adjourned at approximately 3:26 p.m.

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Jack Donahue, Chair

Approved: 10-13-09